



# SWOT Assessment: Microsoft Azure

Analyzing the strengths, weaknesses, opportunities, and threats

Publication Date: 30 Apr 2020 | Product code: INT003-000436

Roy Illsley

## Summary

### Catalyst

Cloud is now a mature technology, which can make selecting an appropriate provider a difficult choice. One of the key differentiators between cloud providers is in the levels of support they provide for customers on the journey to the cloud, and how they can enable and support this at a pace organizations are comfortable with. Microsoft Azure is a global, well-established cloud provider with more than 10 years' experience and a presence in all geographic regions. In Omdia's *ICT Enterprise Insights 2019/20*, just over 44% of respondents said they use Microsoft Azure for at least 20% of their cloud workloads.

### Key messages

- Microsoft has a large and rapidly growing marketplace with more than 8,000 solutions from 2,500 providers.
- Microsoft Azure has a global presence with multiple data centers in each region and multiple regions in each geographical area.
- Microsoft is on the path to become carbon-neutral by 2030.
- Azure provides nearly 300 services as either IaaS or PaaS. However, not all services are available in all regions.

### Omdia view

Microsoft has developed its Azure cloud and has key partnerships to expand its offerings and make them more appealing to a wider enterprise audience. Two significant partnerships announced in 2019 provide clear evidence of this approach. First is the Oracle partnership, where customers can host the application in Azure and use a fast interconnect to access databases hosted in the Oracle cloud. Second is the VMware partnership, where customers can run VMware environments natively on Azure. In addition to partnerships, Microsoft has won significant customers on long-term strategic deals, such as the AT&T cloud deal announced in June 2019 worth an estimated \$2bn. Omdia believes that Microsoft Azure has evolved its offering to appeal to emerging market demand for core systems to be hosted in the cloud. Omdia's *ICT Enterprise Insights 2019/20* survey indicates that as cloud strategy matures, organizations are moving more of their mission-critical core systems, including ERP, CRM, and databases, to the cloud. This shift is changing customers' requirements. The cloud must now be enterprise-grade, and Microsoft has a longstanding reputation as an enterprise technology supplier.

## Recommendations for enterprises

### Why consider Microsoft Azure?

Enterprises will find the scale and flexibility of Microsoft Azure attractive, with support for multiple operating systems including Windows Server and multiple Linux distributions such as Ubuntu, Red Hat, CentOS, Suse, Oracle Linux, Debian, and BSD (OpenBSD and FreeBSD). In addition, many vendors provide specialized OS Images and customers are able to bring and build their own custom images to be used in Azure. Microsoft also provides security features including 256-bit AES encryption, which is used widely across Azure. Customers have the option of using their own keys or Microsoft-provided keys for this.

## SWOT analysis

### Strengths

#### **Service quality is a priority for Microsoft**

Microsoft has one of the highest internal metrics for delivering service quality. It measures availability in terms of annual rebootful interruptions (AIR-R). AIR-R is defined as a chance of unexpectedly rebooting a VM in a certain year, and raoid recovery is similar to 1/MTBF (one over the mean time between failure rate). Omdia found that the current rate of rebooting VMs due to platform issues is 12% per year or roughly about once in eight years due to platform issues, including hardware, software, and unscheduled maintenance. While this metric takes some digesting, and has no direct comparison to other providers, it does have a practicality that makes it easy to understand.

#### **Microsoft has a large and rapidly growing marketplace**

Microsoft has more than 5,400 solutions from 2,500 providers in its marketplace, and is growing at 130% year on year. Omdia likes the approach to licensing that Microsoft has for its marketplace. It supports both pay-as-you-go and bring-your-own licensing models, as well as custom licensing in private offerings that are arranged between the seller and buyer outside Microsoft's influence.

#### **Microsoft provides a large number of services**

Azure provides nearly 300 services as either IaaS or PaaS, but not all services are available in all regions. Microsoft is also effective in its commitment to environmental concerns. By 2030 Microsoft will be carbon-negative, and by 2050 Microsoft will remove from the environment all the carbon the company has emitted either directly or by electrical consumption since it was founded in 1975. Microsoft also supports solar and wind energy projects.

### Weaknesses

#### **Not all services are available in all regions**

Azure provides a large number of services for IaaS or PaaS, but not all of these services are available in all regions, which can be an issue for enterprises and deter them from deploying on Azure if a

service they require is not available. Microsoft needs to ensure that all of its services are available across all regions if it is to stand any chance of becoming the market leader.

## Opportunities

### **Microsoft can benefit from a desire to run all applications in a single cloud**

Microsoft already has a large customer-base using Office 365 on the Azure cloud. It is inevitable that some enterprises will prefer to run most of their applications in a single cloud. The growing popularity of Office 365 will make it easier for Microsoft to increase the take-up of Azure, particularly as its marketplace grows. There is a whole ecosystem of Microsoft partners that provide solutions that enhance and extend the capabilities of Microsoft applications. Many of these products are cloud-only and therefore ideal candidates for the Microsoft cloud.

## Threats

### **Although it is narrowing the gap, AWS is still the biggest threat to Microsoft**

Microsoft is narrowing the gap between itself and AWS. According to Omdia's *ICT Enterprise Insights 2019/20*, where the cloud provides at least 20% of an enterprise's workload, AWS has a lead of just over 13% over Azure. Although this gap has reduced from previous years, AWS is still the major threat to Azure. Ensuring all of its services are available in all regions will help Microsoft, as will its renewable energy endeavors.

### **Microsoft faces a threat from new and emerging cloud providers**

Although many cloud providers are mature, there are a number of much younger additions to the marketplace, such as Alibaba, OVH, and Tencent, which began life at a regional level before expanding to become global players. These smaller cloud providers are taking market share from more established providers and Microsoft needs to ensure that it keeps innovating and adding additional services, and that these services are made available in all regions.

## Data sheet

### Key facts about the solution

**Table 1: Data sheet: Microsoft**

<b>Product name</b>	Microsoft Azure	<b>Product classification</b>	public cloud
<b>Version number</b>	n/a	<b>Release date</b>	n/a
<b>Industries covered</b>	all	<b>Geographies covered</b>	global
<b>Relevant company sizes</b>	all	<b>Platforms supported</b>	Windows and Linux
<b>Languages supported</b>	Azure Portal support for 18 languages	<b>Licensing options</b>	pay-as-go and bring your own license
<b>Deployment options</b>	cloud	<b>Routes to market</b>	n/a
<b>URL</b>	<a href="https://www.microsoft.com">www.microsoft.com</a>	<b>Company headquarters</b>	Redmond, WA, US

Source: Omdia

## Appendix

### Methodology

Omdia SWOT Assessments are independent reviews carried out using Omdia's evaluation model for the relevant technology area, supported by conversations with vendors, users, and service providers of the solution concerned, and in-depth secondary research.

### Further reading

*Ovum Decision Matrix: Selecting a Cloud Services Provider, 2019–20*, INT003-000382 (September 2019)

### Author

Roy Illsley, Distinguished Analyst, Enterprise IT

[askananalyst@omdia.com](mailto:askananalyst@omdia.com)

### Citation Policy

Request external citation and usage of Omdia research and data via [citations@omdia.com](mailto:citations@omdia.com).

## Omdia Consulting

We hope that this analysis will help you make informed and imaginative business decisions. If you have further requirements, Omdia's consulting team may be able to help you. For more information about Omdia's consulting capabilities, please contact us directly at [consulting@omdia.com](mailto:consulting@omdia.com).

## Copyright notice and disclaimer

The Omdia research, data and information referenced herein (the "Omdia Materials") are the copyrighted property of Informa Tech and its subsidiaries or affiliates (together "Informa Tech") and represent data, research, opinions or viewpoints published by Informa Tech, and are not representations of fact.

The Omdia Materials reflect information and opinions from the original publication date and not from the date of this document. The information and opinions expressed in the Omdia Materials are subject to change without notice and Informa Tech does not have any duty or responsibility to update the Omdia Materials or this publication as a result.

Omdia Materials are delivered on an "as-is" and "as-available" basis. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in Omdia Materials.

To the maximum extent permitted by law, Informa Tech and its affiliates, officers, directors, employees and agents, disclaim any liability (including, without limitation, any liability arising from fault or negligence) as to the accuracy or completeness or use of the Omdia Materials. Informa Tech will not, under any circumstance whatsoever, be liable for any trading, investment, commercial or other decisions based on or made in reliance of the Omdia Materials.



## CONTACT US

[omdia.com](https://omdia.com)

[askananalyst@omdia.com](mailto:askananalyst@omdia.com)